



The Navigator

APRIL 2010

Next Stop: MARS

Information Management System Modernised



The MARS development team (L-R): Steven Rabey, Senior Business Analyst; Francisco Castillo, Junior Programmer; Eva Byrne, Business Systems Analyst; and Russell Haley, Software Development Team Leader

After three years of sustained work by its Information Services Division, the Cayman Islands Monetary Authority introduced in April a new information management system that will advance the storage, updating, and tracking of data on entities regulated by CIMA.

Known as MARS, or Monetary Authority Regulatory System, the technology has been designed to give CIMA staff a more efficient and productive tool for inputting and monitoring vital information. The new system was created to holistically display entity relationships, provide advanced reporting and analytics, increase productivity of staff by reducing the amount of redundant data to be processed, allow for a more visual display of improprieties or discrepancies, and improve processes for updates.

"Developing and implementing MARS has been a vital part of the process of improving our information management capabilities at CIMA so that we can regulate effectively and serve industry more efficiently as the industry evolves," said Managing Director, Mrs. Cindy Scotland. "Information technology is a major element in our efforts to modernise, increase efficiency and maximise our resources and over the coming months I think our stakeholders will be pleased at the improvements they will benefit from as we fine tune MARS and roll out other IT solutions now being worked on."

The MARS application was written using latest Microsoft technologies with the goal of being modular, flexible and extensible. "This means that we can create new functionality very easily and roll out changes quickly," explained Head of Information Services, Mr. Chuck Thompson. "A major advantage is that MARS will be able to seamlessly integrate with other applications to support the extended functionality

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Regulated Entity Statistics

Total licence /registration numbers as at 31 Mar. 2010 (With increase(+)/decrease(-) from 30 Dec. 2009)

Banking and Trust

Banks 269 (+3)

Class A 17(0)

Class B 252(+4)

Class B Restricted 0(-1)

Nominee Trusts 56(-2)

Money Services Providers 7(0)

Fiduciary Services

Trust Companies 151(+5)

Unrestricted Trusts 52(+3)

Restricted Trusts 78(+2)

Nominee Trusts 21(0)

Registered Private Trust Companies 29(+6)

Registered Controlled Subsidiaries of Trust Companies 13(-1)

Companies Management 77(0)

Corporate Services 7(0)

Insurance

Insurance Companies 792(-16)

Class A 28(0)

Class B 764(0)

Insurance Managers 28(+2)

Insurance Brokers 33(+1)

Insurance Agents 98(+2)

Investments & Securities

Mutual Funds 9,378(-145)

Registered 8,819(-125)

Administered 429(-19)

Licensed 130(-1)

Mutual Fund Administrators 133(-8)

Full 93(-4)

Restricted 38(-4)

Exempted 2(0)

Securities and Investment Business Law (SIBL) Licensees 29(+1)

Excluded Persons Under SIBL 2,354(-23)

Currency in Circulation

as at 31 Mar. 2010 (With increase(+)/decrease(-) from 30 Dec. 2009)

Total Currency C\$82.2 million (-\$5.3 million)

Notes C\$73.2(-\$5.3m)

Coins C\$9.0(\$0)

Note: C\$1.00 = US\$1.20

Next Stop: MARS Cont.

and business requirements of CIMA. These requirements include freedom of information (document management), financial submissions (e-reporting), automation (client portal) and on-site inspection software as well as other applications as they are added."

MARS uses an 'entity centric' approach to data storage and relationships rather than the 'licence centric' approach that was used by the old licensee database, CIISMA. Thus, with the new system, analysts and other CIMA staff are able to quickly see the relationships of an entity that may have more than one licence or other authorisation within the same sector or across different sectors.

"This will eliminate duplication of data and effort as well as dramatically enhancing the visibility of relationships between entities and licenses," Mr. Russell Haley, Software Development Team Leader, said, adding: "The new system allows divisions to record information specific to the licence types they regulate and add or remove fields as desired. The system will give CIMA the flexibility to react to industry and requirement changes and record or report new information."

New Measures

Policy on Approval of Stock Exchanges

The **Regulatory Policy – Approved Stock Exchanges** was approved by CIMA's Board in February 2010 and came into effect with the publication of notice in the *Cayman Islands Gazette* on 15 March.

For transparency and consistency, the policy outlines the criteria CIMA uses to determine whether a stock exchange is "approved" or "recognised" in accordance with the Mutual Funds Law, the Banks and Trust Companies Law, the Insurance Law, the Companies Management Law and the Securities Investment Business Law. These laws give CIMA power to approve stock exchanges for the purposes set out in each law.

As outlined in the policy, CIMA also has the power to approve other stock exchanges that do not meet the criteria but which it believes should be approved based on other considerations. In certain circumstances, the Authority can state that a stock exchange is not approved despite meeting the criteria for approval.

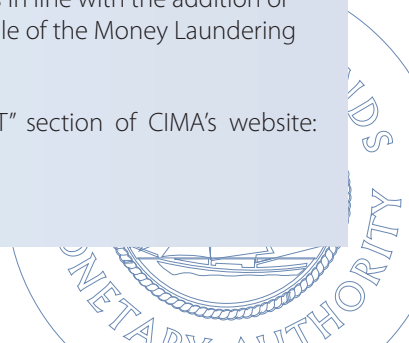
CIMA's **Regulatory Handbook** has been updated to incorporate reference to the policy. Both the handbook and the policy can be accessed through the "Regulatory Framework" section of CIMA's website: http://www.cimoney.com.ky/regulatory_framework/default.aspx?id=358. Once in the section, you can locate the handbook under "Handbook of Policies and Procedures" and the policy under the "Index of Regulatory Measures" for each sector.

AML/CFT Guidance Notes

The **Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands** were amended with effect from March, due to changes in the Money Laundering Regulations (MLR) in 2009. The principal amendments to the Guidance Notes follow.

- **Amendment to sector specific guidance for Mutual Funds and Fund Administrators (section 8).** Replacement of the sub-section "Procedures for reporting of suspicious activity" with a new sub-section titled "Compliance Officer, Money Laundering Reporting Officer and Internal Audit Procedures". The amendment outlines ways by which mutual funds and fund administrators may comply with the requirements of regulation 5(1)(e) of the Money Laundering Regulations (2009 Revision); and
- **Additions and amendments to sections 3 and 8 to incorporate Private Trust Companies into the Guidance Notes.** These amendments provide guidance that is in line with the addition of registered offices of private trust companies to the second schedule of the Money Laundering Regulations (2009 Revision).

The amended Guidance Notes can be accessed in the "AML/CFT" section of CIMA's website: http://www.cimoney.com.ky/AML_CFT/aml_cft.aspx?id=144



MD Examines the Regulatory Landscape for the New Decade



Mrs. Cindy Scotland, Managing Director,
Cayman Islands Monetary Authority

The following is an excerpt from the article "A New Landscape for Cayman's Financial Services Industry" by CIMA's Managing Director Cindy Scotland, appearing in the Grand Cayman Magazine, Issue 1, 2010

The landscape of this new decade is being characterised by greater regulation, converging international standards, increased monitoring and increased sanctions for non-compliance. More and more, for financial services centres such as the Cayman Islands, the ability to maintain a competitive edge while still remaining an integral part of the global financial services network is being challenged.

We have every right to retain our autonomy, and should do so in those areas where it is in our best interest to do so. However, it is also in our interest to embrace those changes that will allow us to more clearly contribute to a strengthening of the global financial system while increasing our competitive edge. As a jurisdiction, this is the type of repositioning we must do to ensure that we are not left behind.

The current challenges have provided new opportunities for us. For instance, the Cayman Islands has been able to gain seats on the Steering Committee and the Peer Review Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes. Such positions provide avenues to influence international standard setting and contribute to a more level playing field.

One of our biggest risks is reputational. There is increasing pressure on businesses in the traditional financial centres to cut links with jurisdictions perceived as uncooperative and loosely regulated. As a result, businesses are now taking a second look at the jurisdictions in which they operate. They are more likely now to factor in the jurisdiction's reputation among their home regulators, politicians and public. More and more, one of our major competitive advantages will be having that reputation as a jurisdiction of quality. Our service providers must proactively guard this reputation by being very selective with whom they do business.

Going into this new decade, one of the Cayman Islands Monetary Authority's areas of focus is on minimizing Cayman's reputational risk. While we remain mindful of the need for innovation and growth in the industry, we will continue to be vigilant in authorizing only entities of the highest probity. We are augmenting our efforts to ensure that Cayman's regulatory framework meets the new international standards as appropriate; that we keep abreast of the thinking of standard setters and take the most active role possible to contribute to the development of these standards.

The challenges facing us as an international financial services centre going into this new decade are great. However, we have successfully raised the bar before and have reaped the benefit of increased growth. I believe that if we continue to be proactive we can enjoy greater success and increased acceptance as an international financial centre.

The Regulator's Role

The Monetary Authority Law (MAL), gives CIMA four principal functions:

1. issuing and redeeming Cayman Islands currency and managing the country's currency reserve;
2. regulating and supervising financial services that are carried out in and from the Cayman Islands, and monitoring compliance with the anti-money laundering /anti-terrorist financing regime;
3. providing assistance to overseas regulatory authorities in accordance with the MAL, and
4. advising Government on monetary, regulatory and cooperative matters.



CIMA Contributes to Captive Industry Best Practice Guidelines

Service providers in the captive insurance industry worldwide now have the benefit of a new set of best practice guidelines that CIMA contributed to developing.

The document, *Captive Best Practices Guidelines Volume 2-Utilizing Service Providers*, was just released by the Captive Insurance Companies Association (CICA), a multi-jurisdictional grouping of owners, administrators and managers of captive insurance companies or risk retention groups, and their service providers.

The guidelines contained in the volume are considered as best practices for captive service providers. The volume outlines what captive owners and regulators should expect from captive managers, actuaries, consultants, auditors, and attorneys. It covers principles that service providers should follow during the pre-feasibility, feasibility and formation stages of a captive, as well as during the company's life and when the company is being closed. It also gives guidance on how owners should measure service providers' performance.

The set of best practices was developed through advisory groups representing owners, regulators, and service providers. CIMA, through its Head of Insurance, Mr. Gordon Rowell, was one of eight jurisdictional supervisory bodies in the regulator group. The other regulators were from Bermuda, Guernsey, and the US states of District of Columbia, Kentucky, Montana, South Carolina, and Vermont.

Although regulators are not members of the association, CICA draws on their input and perspectives in carrying out its work. Mr. Rowell said this set of guidelines was the result of a careful consultative process: "The starting point was the captive owner

and regulator groups recommending best practices and then the service provider groups considering these and giving their responses and input, leading to amendments and refinements. There were several rounds of this before the document was finalised."

This is the second time in recent years that CIMA has contributed to CICA's development of principles for its members and other captive industry participants. CIMA's Managing Director, Mrs. Cindy Scotland, was part of the regulator group for the initial volume, *Captive Best Practice Guidelines*, which was completed in 2008. That volume compiled best practice principles applicable to the business situations of a variety of captives.

Mrs. Scotland said CIMA fully supported both best practice guidelines: "We volunteered to be part of the development of the guidelines because we agreed with CICA that the initiative was important in the process of continuous improvement for the captive industry globally. I believe that if captives take responsibility for putting the principles into practice it lifts the standard of the entire industry and makes regulators' jobs easier."

CICA describes itself as the only domicile-neutral captive insurance association, without jurisdictional or commercial ties and not linked with a domicile or government entity. CICA is headquartered in Minneapolis, Minnesota, and its members are domiciled throughout the world, with the highest number in Vermont, Hawaii, Bermuda, the Cayman Islands and the British Virgin Islands. It provides education, networking and leadership for captive and risk retention group professionals.

Both *Captive Best Practices Guidelines* volumes are available through the association's website: <http://www.cicaworld.com>

Reporting Deadlines for Quarterly & Bi-annual Returns

Regulated entities are reminded of the following deadlines for submitting prudential and statistical reports to CIMA.

For the quarter ending 31 March 2010:

Balance Sheet (BS) Form	Wednesday 21-Apr-2010
Money Services Business Form.....	Wednesday 21-Apr-2010
Securities Investment Business Form (Broker/Dealers).....	Friday 23-Apr-2010
Locational Banking Statistics (LBS) Survey.....	Friday 30-Apr-2010
Domestic Banking Activity (DBA Form).....	Friday 30-Apr-2010
Quarterly Return Class 'A' Insurance Co.	Friday 14-May-2010

For the quarter ending 30 June 2010:

Balance Sheet (BS) Form	Wednesday 21-Jul-2010
Money Services Business Form.....	Wednesday 21-Jul-2010
Securities Investment Business Form (Broker/Dealers).....	Thursday 22-Jul-2010
Company Managers' Bi-Annual Report	Friday 30-Jul-2010
Locational Banking Statistics (LBS) Survey.....	Friday 30-Jul-2010
Domestic Banking Activity (DBA Form)	Friday 30-Jul-2010
Quarterly Return Class 'A' Insurance Co.....	Friday 13-Aug-2010

The full Reporting Schedule can be accessed on CIMA's website or by clicking this link:
<http://www.cimoney.com.ky/WorkArea/linkit.aspx?LinkIdentifier=id&ItemID=1538>

New Governor Meets Staff

His Excellency Mr. Duncan Taylor, CBE, took up office as the Governor of the Cayman Islands on 15 January this year. As part of his programme of familiarisation with the Islands, Mr. Taylor paid two visits to the Authority in February. The first was for a briefing with Managing Director Cindy Scotland. The second was to tour CIMA's Elizabethan Square offices and meet staff. *The Navigator's* camera followed Mr. Taylor on the tour, which was conducted by Mrs. Scotland.



Head of Currency Operations Deborah Ebanks (left) and MD Cindy Scotland explain the division's work of managing the Cayman Islands' currency and the reserves that back it.



Administrative Assistant Viola Whittaker welcomed Mr. Taylor to the Fiduciary Services Division, which is responsible for supervising trust companies, trust services providers, and corporate service providers / company managers operating in and from the Cayman Islands.



Members of the Human Resources Division, Receptionist/ Messenger Tamara Welcome (left), and Human Resources Officer Kim Ternier (centre) greet Mr. Taylor.



Insurance Division Senior Analyst Kahlill Strachan (far right) is one of 19 staff members in the division.



Among the Banking Division's officers were Analyst Eric Webster (centre), Head of Banking Reina Ebanks (2nd from left), Senior Analyst Monique Minzett (2nd from right) and Analyst Vashti Bodden (right).



A somewhat surprised Governor receives CIMA's welcoming gift from Mrs Scotland at the end of the afternoon's tour.

CIMA & Counterparts Enhance Regional Supervisors' Skills



CIMA - SEC course participants. *Photo: Island Photo*

Investments and Securities: Regulation, Inspection and Enforcement

CIMA and the United States Securities and Exchange Commission (SEC) organised and staged a course for regional and local investments and securities regulators, 12-14 April, on Grand Cayman.

Senior SEC officials and regulatory subject matter experts; local accounting, legal and administrative professionals, and CIMA officials led the intensive programme on regulation, inspection and enforcement. The programme aimed to impart new strategies in understanding the funds and securities industry and to increase skills in market oversight and enforcement.

Participants felt it met these objectives.

"This was a fruitful conference that provided timely and relevant information that we will definitely be able to apply to our daily activities in supervision," commented Mr. Guiveron Weert, Head of Investment Institutions and Trust Supervision Department at the Central Bank of the Netherland Antilles. "It was also an excellent opportunity to network with other regulators and to discuss further enhancing international cooperation when it comes to the securities industry."

Mr. Stuart Pollard, Senior Examiner of the Securities Commission of Barbados said: "All of the presenters were top notch and provided high calibre presentations through the entire session. They offered new insights into topics that we frequently address in our jurisdiction and provided practical applications to use in our investigations and inspections processes. The overall agenda was very interesting and informative."

The SEC facilitators were obtained through the Commission's Office of International Affairs, which runs a technical assistance programme that pulls expertise from within and outside the SEC to assist other regulators in capacity building. The Commission and CIMA worked together to identify topics that would be most relevant to local and regional markets. CIMA extended the programme to its regional counterparts, identified local speakers and handled the event logistics.

Participants came from the Securities Commission of the Bahamas, the Securities Commission of Barbados, the Bermuda Monetary Authority, the British Virgin Islands Financial Services Commission, Jamaica's Financial Services Commission, the Central Bank of the Netherland Antilles, as well as the Cayman Stock Exchange and CIMA.

Credit Risk Analysis

Following closely behind the investments and securities course, CIMA, the Association of Supervisors of Banks of the Americas (ASBA) and the Caribbean Group of Bank Supervisors (CGBS) jointly hosted a five day Credit Risk Analysis School for banking regulators. That programme took place from 19 – 23 April also on Grand Cayman.

In attendance were participants from the membership of CGBS and ASBA representing the regulatory bodies of Aruba, Bahamas, Belize, Netherland Antilles, Jamaica and Trinidad and Tobago, and Cayman.

Facilitated by instructors from the United States Federal Reserve Board of Governors, the focus of this exercise was to provide participants skill sets critical to effective supervision such as development of systematic strategies for analysing credits and the development of specialised types of credits.

The intensive training—which included break out group exercises and presentations—focused on subjects like the global financial turmoil and the supervisory lessons learned; borrowing causes; financial statements; ratio analysis; cash flow projections; loan structure and documentation; collateral evaluation; credit classifications; credit risk rating, and problem loans.

"Being new to the Banking Supervision Division, I found the coursework to be enlightening but challenging," shared Mrs. Tonya Bush-Anglin, who recently joined CIMA as a Banking Analyst. "It was indescribably valuable in providing supervisory theory and practical application strategies. It was also an excellent opportunity to examine and compare the approaches of our peers in the regulatory community across the Caribbean."

Attendees participated in examinations at the end of the training, with results being sent back to the regulatory authorities for review.

(See further details on the courses at: http://www.cimoney.com.ky/about_cima/current_news_releases.aspx?id=500&ekmense=e2f22c9a_10_46_500_2)



Some of the members of the Banking Division who attended the training include: Row 1: (L-R) Kara Smith, Yara Carnegie, Janique Samson; Row 2: Wilbur Welcome, Theresa Christian, Tonya Bush-Anglin, Danielle James; and Ariel Tatum.

Workshops Advance Goals

In addition to participation in the two CIMA-organised courses, representatives from the Authority attended the following major workshops overseas during the last quarter.

Risk-based Supervision Methodologies

From 26-29 January, the Head of Investments and Securities, Mrs. Yolanda McCoy, and Deputy Head, Ms. Heather Smith, participated in an interactive workshop sponsored by the International Organization of Securities Commissions (IOSCO), International Monetary Fund (IMF) and Financial Industry Regulatory Authority (FINRA) themed: *'Rethinking Risk Based Supervision (RBS): Lessons from the Crisis'*.

Attendees from the Caribbean and South America at the event in Costa Rica heard from the IMF representatives about the proposed changes to securities market regulation and supervision resulting from the financial crisis. FINRA outlined how it used risk based tools for supervising regulated entities and participants worked through case studies using IOSCO principles, RBS methodologies and their own experiences.

Caribbean Financial Stability

One of the effects of deepening financial integration across

jurisdictions is that the fragility or failure of an institution in one country can pose risks to the financial stability of several other countries. This was the focus of a three-day Caribbean workshop attended by CIMA's Deputy Managing Director, Supervision, Mr. Howard Blacker and Chief Policy and Development Officer, Ms. Justine Plenkiewicz.

Aptly titled *Regional Financial Stability – A Caribbean Architecture*, the event took place in Port of Spain, Trinidad, 3-5 March. The programme covered topics related to international co-operation, financial stability and financial sector supervision across the banking, insurance and securities sectors. It attracted over 70 delegates from 18 countries.

There were regional presenters representing the Caribbean Group of Banking Supervisors (CGBS), Caribbean Group of Insurance Regulators (CAIR), Caribbean Group of Securities Regulators (CGSR)—all of which CIMA is a member—and the newly-formed Caribbean Association of Pension Supervisors (CAPS). The International Monetary Fund (IMF), Caribbean Center for Money and Finance (CCMF), US Securities and Exchange Commission (SEC), Caribbean Regional Technical Assistance Centre (CARTAC) and speakers from a number of central banks and regional financial associations also facilitated sections of the event.

In the Community

Orange and White for Hunger Awareness

On Friday, 26 March, staff showed their support for the Meals On Wheels fundraising and hunger awareness campaign by donning orange or white shirts and wearing themed ribbons in support of the cause. Staff raised over CI\$500 to donate to the community outreach programme.



A Morning of Songs and Prayers

Members of CIMA staff organised "A Morning of Songs and Prayers" at Heroes Square in the centre of George Town on Saturday, 20 March, opening their monthly devotional to the community. The event was put on in conjunction with Savannah United Church, whose minister, Rev. Donovan Myers, and choir led worship in song (below, left). Attendees, including those shown below (right), joined in prayer for the country and its leaders.



Staff Updates



Kimari Barrett-Fletcher (L) and Jennifer Hydes (R)

The winter graduation ceremony for the International College of the Cayman Islands (ICCI) granted degrees to CIMA staff members Jennifer Hydes and Kimari Barrett-Fletcher in January 2010.

Mrs. Hydes, Senior Analyst in the Fiduciary Division, completed her baccalaureate programme, earning a Bachelor of Science Degree in Accounting.

Mrs. Barrett-Fletcher, Human Resources Officer, earned her Associates Degree in Business.

Managing Director Cindy Scotland attended the graduation ceremony and provided the commencement address, focusing on encouraging all the graduates to "take pride ... and put your energy towards continuing to be the success you are today."

New Hires

January through March

- Amber Tatum, Chief Analyst, Investments and Securities Division
- Betsy Taylor, Analyst, Investments and Securities Division
- Nedra Ebanks, Senior Policy and Development Officer, Policy and Development Division
- Paula Ebanks, Executive Assistant to the Chairman of the Board
- Poullette McField, Analyst, Compliance Division
- Tony de Quintal, Chief Analyst, Policy and Development

And in April

- Talia Woods, Senior Analyst, Insurance Division
- Tonya Bush-Anglin, Analyst, Banking Division

Promotions

- Risa Cooper-Ebanks, promoted to Senior Analyst, Insurance Division
- Russell Haley, promoted to Software Development Team Leader, Information Services Division
- Steven Rabey, promoted to Senior Business Analyst, Information Services Division

Transfers

- Lana Poldervaart, Insurance Analyst (previously Secretary to the Board)
- Eric Webster, Human Resources Officer (previously, Banking Analyst)

Internship

- Ridhiima Kapoor, Legal Division

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